

State of California
BOARD OF EQUALIZATION

SALES AND USE TAX REGULATIONS

Regulation 1629. GOODS DAMAGED IN TRANSIT.

References: Sections 6006, 6010, Revenue and Taxation Code.

(a) SALES TAX. If damage to goods in transit to the consumer occurs after the “sale” as defined in section 6006 of the Revenue and Taxation Code is made, sales tax applies to the sale. If the damage occurs prior thereto, sales tax applies as follows:

(1) If the goods are destroyed, tax does not apply to damages paid the retailer for their destruction.

(2) If the goods are not destroyed, and are sold at retail in their damaged condition, tax applies to that portion of the total amount paid to the retailer representing the fair retail value of the goods in their damaged condition.

(b) USE TAX. Use tax does not apply with respect to goods destroyed before the purchaser makes any storage or use of the goods. If the goods are damaged but are nevertheless stored or used by the purchaser, tax applies to that portion of the total amount paid to the retailer representing the fair retail value of the goods in their damaged condition.

History: Effective as to Sales Tax August 1, 1933.

Effective as to Use Tax July 1, 1935.

Adopted as of January 1, 1945, as a restatement of previous rulings.

Amended by renumbering August 5, 1969, effective September 6, 1969.

Regulations are issued by the State Board of Equalization to implement, interpret or make specific provisions of the California Sales and Use Tax Law and to aid in the administration and enforcement of that law. If you are in doubt about how the Sales and Use Tax Law applies to your specific activity or transaction, you should write the nearest State Board of Equalization office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe the facts and circumstances of the activity or transaction.